Timber Quota Policy

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Foreword

In 1966, the timber quota system was introduced in Alberta to provide the forest industry with long-term security of timber. This stability permitted the industry to plan its operations and to establish more efficient mills that were better able to make full use of the timber resource. Long-term assurance of a timber supply in an area also enabled the industry to establish higher-quality access roads in the more remote areas of the province where the timber was not being utilized as heavily.

In return for this long-term security of timber, the industry accepted responsibility for reforestation of its cutover areas. This prompt regeneration of cutover areas and an active program to protect the forests from fire, insects and disease is an essential component of sustained yield forest management. This practice of sustained yield management is simply the harvest of only what the forest is producing in order to ensure a perpetual supply of wood products. A timber quota is a share in this harvest.

The quota system has been in existence for almost two decades and has enabled our sawmill industry to expand significantly to the point that Alberta sawmills produced over one billion board feet of timber in 1983.

I am pleased to approve this statement of the quota policy which has been endorsed by the Alberta Forest Products Association. The statement represents a refinement of the quota system and enables it to be carried forward a second 20 years.

John Zaozirny
Minister
Energy and Natural Resources

Introduction

The quota system was implemented in Alberta in 1966 as a means of providing long term timber supplies to timber operators in the Province. These quota certificates are for 20-year periods, and they may be renewed subject to the terms and conditions prescribed by the Minister. The majority of the quota certificates will be renewed by 1986.

The purpose of this Quota Policy is to clarify the definition of a quota and to explain how the definition is to be applied to existing and new quotas. Particular reference is made to the application of the definition to the renewal of quota certificates in 1986.

Definition

The Forests Act states that a quota is a share of the allowable cut of timber within a forest management unit.

Some expansion and clarification of this definition is required to effectively implement and administer the quota system. The following working definition of a quota will be used.

> *A timber quota is defined as a percentage share of the annual allowable cut of the management unit in which it is issued. The percentage share is converted periodically to a volume of roundwood at the same utilization levels that are established for the management unit.*

If the annual allowable cut of a management unit increases, the volume authorized by the quota certificate will increase in relation to the quota percentage share of the increased annual allowable cut. Conversely, if there is a decrease in the annual allowable cut, the authorized quota volume will decrease correspondingly.

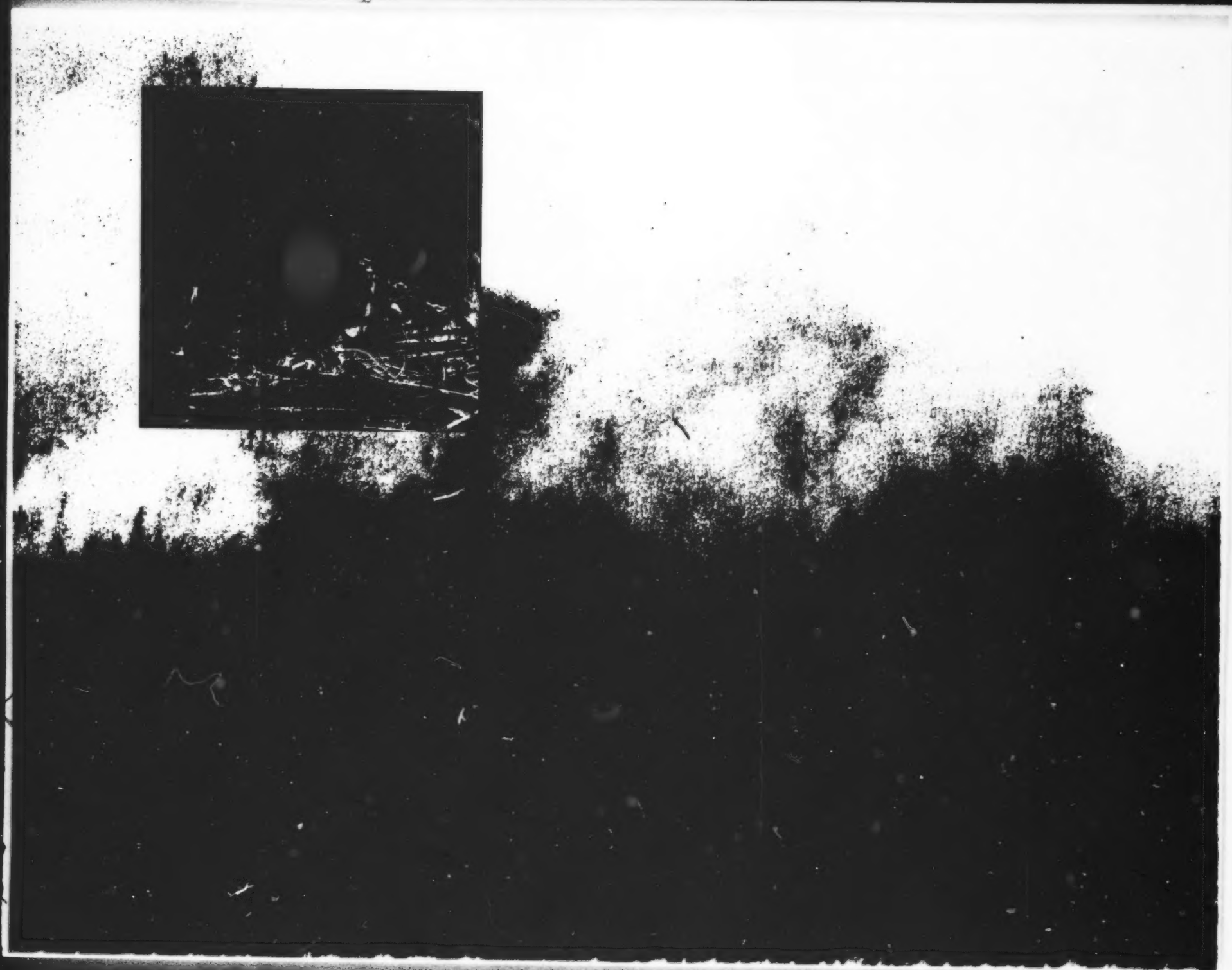
The authorized quota volume includes timber at the same utilization standards that are established for the management unit. If the quota holder cannot utilize timber to this utilization level, then the volume attributable to the difference in utilization levels is deducted from the authorized quota volume.

For example, the annual allowable cut of a management unit is 5 000 000 cubic metres to a 15 cm stump diameter. The quota is issued for 20 per cent which converts to 1 000 000 cubic metres of 15 cm and larger timber. If the quota holder can not utilize timber smaller than 25 centimetres, and the volume of timber between 15 and 25 cm is 120 000 cubic metres, then the quota certificate will be amended as follows:

Quota Volume	1 000 000 m^3
Deducted for non-utilization	120 000
Authorized quota volume	880 000 m^3

Note:

> *Where there is a market for small wood, the quota holder may be assessed the timber dues for this smaller material which he does not utilize. Alternatively, the Minister will have the right to issue authority to other parties to harvest this non-utilized volume.*



Application

To apply the definition of a quota to specific situations, the following principles and rules will be used:

1. Annual allowable cut means the volume of timber that may be harvested annually from a forest management unit as established by the Minister.
2. If there is a non-sustainable surplus volume of timber, the Minister may offer it to quota holders as an addition to their quota volume provided a quota holder is harvesting at the utilization standards established for the unit. This addition will not represent an addition to the quota holder's entitlement under the quota certificate. The Minister maintains the right to allocate any surplus timber by means of timber permits.
3. As normal procedure, the annual allowable cut of a management unit will be re-assessed every 10 years. Any changes to the annual allowable cut will be reflected in the authorized quota volume at the start of the next quadrant, unless there has been a significant reduction, in which case the authorized volume will be adjusted immediately.
4. The annual allowable cut of a management unit will be redetermined whenever there are occurrences that would effect a change. Such occurrences would include changes to the boundaries of a unit; withdrawals of land from the forest land base; and destruction of the growing stock due to fire, insects or other natural causes.
5. If the annual allowable cut of a management unit which has been fully allocated has been reduced significantly due to fire, insects or other natural causes, the authorized quota volume will be correspondingly reduced immediately rather than at the start of the next quadrant.
6. The Minister has the right to change the annual allowable cut of a management unit and the corresponding authorized quota volume at any time when, in his opinion, it is in the interests of good forest management.
7. The principle of intensive forest management benefits is: If there is an increase to the annual allowable cut of a management unit attributable to a quota holder's own efforts, the increase is granted to him as additional volume but his quota percent does not change.

For example, if by practising intensive forest management, the quota holder increases the annual allowable cut by 2 000 cubic metres per year, then his certificate will be amended as follows:

Quota Per Cent	20%
Authorized Quota Volume	1 000 000 m^3
Additional volume due to intensive forestry	2 000
Total volume authorized	1 002 000 m^3

Implementation in 1986

Most of the quotas in the province expire on April 30, 1986, and are subject to renewal for a further period of 20 years. However, there will be changes to the terms and conditions prescribed by the Minister to improve the forest management practices in the province.

One change that will be implemented is the improvement in utilization standards. Effective May 1, 1986, all quotas will have a condition that timber cut under authority of the quota certificate be utilized to a minimum stump diameter of 15 cm (six inches). As explained on page 5, this standard may be relaxed if a quota holder cannot economically utilize timber of this size.

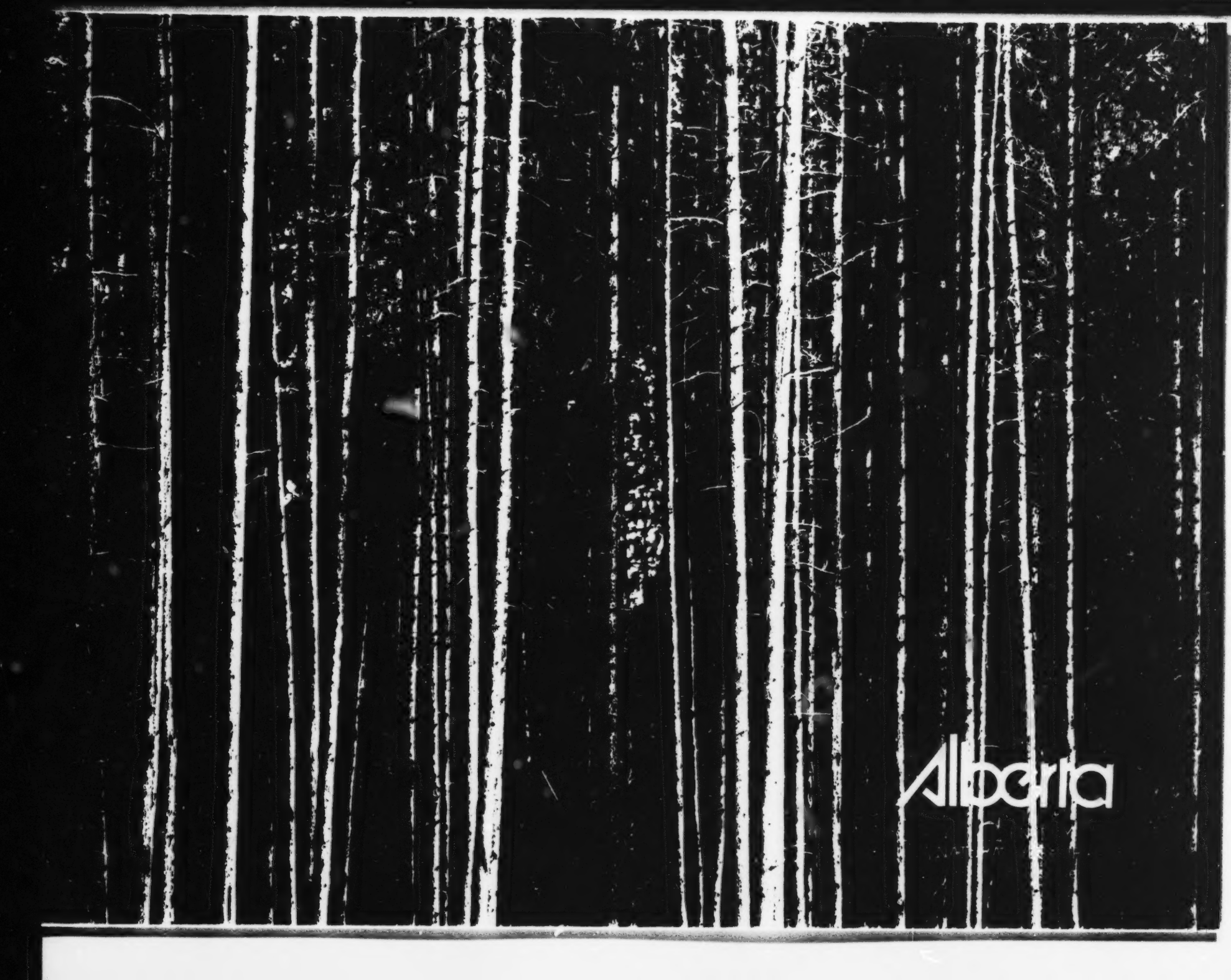
To determine the authorized quota volume for the first quadrant of the renewed quota certificates, the following procedure will be used:

1. New annual allowable cuts to 15-centimetre stump diameter level of utilization will be calculated using the new Phase 3 Forest Inventory.
2. The per cent stated on the quota certificate has been calculated using the annual allowable cut based on the present utilization standards as established for the unit. This per cent will be used to determine the authorized quota volume to a 15-centimetre stump diameter which will be the quota holder's share of the new allowable cut.
3. If the new Phase 3 annual allowable cut is less than the previous one and there is a surplus annual allowable cut available in the management unit, then the original quota volume will be maintained to the extent that surplus volume is available and the quota per cent will be increased accordingly.
4. If the Minister has approved a lower standard of utilization for a quota, the volume attributable to the difference in utilization levels will be deducted from the authorized quota volume.

Rationale for Revising Quota Per Cents and/or Volumes

Reason for Change	Change to Certificate
1. Boundary change to a management unit The boundary of a management unit may be changed for various reasons.	The quota volume will be maintained at the volume which existed immediately prior to the boundary change, and the quota per cent will be adjusted accordingly. If there is not sufficient surplus volume available in the management unit to maintain the quota volume but there is surplus volume available in a contiguous management unit, then a quota will be granted in the contiguous unit of sufficient volume so that the combined total of the original quota plus the surplus added from that unit plus the granted quota in the contiguous unit is equal to the volume of the quota which existed immediately prior to the boundary change.
2. Change to rotation ages Many of the management units have had the original rotation age changed. This is particularly apparent in these units included in proposed timber development areas. In these cases, the rotation age has been changed from 100 or 120 to 80 years which results in an increased annual allowable cut.	The quota per cent will remain fixed, the quota volume will change with revised rotation age.
3. Change to utilization standards Changes to utilization standards has allowed an increase in the annual allowable cut.	The quota per cent will remain fixed. Quota holders will be required to harvest revised volumes at the new utilization standards.
4. Merger of Quotas Over the years, companies have merged two or more quotas together that occurred in the same management unit. This has resulted in revised quota per cents and volumes.	Add the two or more quota per cents as stated on the certificates and determine the merged quota volume.

Reason for Change	Change to Certificate
5. Quota volume reduction penalties In some cases, a quota holder's authorized volume was reduced as a penalty for failure to salvage timber.	Reduce the quota volume by the penalty amount for a period to be determined by the Minister. If the period to be determined is forever, a new per cent will be calculated.
6. Growing stock depletion Fires and other natural agencies have caused significant reductions in the growing stock in some units. This has resulted in a reduced annual allowable cut.	Maintain the quota per cent. If the annual allowable cut of a management unit has been reduced significantly due to fire, insects or other natural causes, the authorized quota volume will be correspondingly reduced to prevent overcut of the annual allowable cut.
7. Metric conversion In implementing metric conversion of timber quotas, the quota per cent volume was extended to two decimal points. This was done to avoid reduction in volumes due to rounding of the per cent volume.	Maintain quota per cents at two decimal points.
8. Change of the annual allowable cut formula Most of the present annual allowable cuts have been calculated using the Von Mantel formula. In some instances the original annual allowable cuts have been recalculated using different deduction parameters, or some other formula method such as the Kemp formula. This has resulted in significant change to the annual allowable cut.	Maintain the quota per cent and adjust the volume accordingly.
9. Forest Management area establishment In offering timber development areas, the annual allowable cut has generally been increased as a result of the smaller tree utilization requirements.	Maintain the quota per cent and adjust the volume to be taken at the new utilization standards. Quota free wood is no longer applicable after 1986.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